

Virginia's Workforce: Strategies for Achieving a Skilled, Productive, and Educated Workforce

Executive Summary

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This study was conducted by The Urban Institute over a six-month period from mid-May to mid-November 2003 and was commissioned by the Virginia Workforce Council (VWC). The VWC was created in 1999 as a policy body to assist the Governor in meeting workforce training needs in the Commonwealth. The VWC's vision is:

*"...to have and promote a well-trained, well-educated, highly skilled and qualified workforce that understands and meets the needs of employers and that is actively engaged in lifelong learning."*¹

This study provides the VWC with information to help them make important incumbent worker policy decisions over the next several years. Major economic transformations are underway in the Commonwealth of Virginia and nationwide in terms of the changing demand for workers by businesses and the changing characteristics of the workforce. As the Commonwealth prepares for the workforce development and economic development challenges of the next few decades, the results of this study will contribute to an ongoing examination in Virginia of the various policy and programmatic strategies that can ensure a skilled, stable, and productive workforce to meet the needs of the future.

Study Objectives

There are four general objectives for this study:

- *Analyze the current and changing characteristics of Virginia's workforce, (i.e., understanding the supply side of the workforce).*
- *Examine the trends in workforce demand in future years, especially in terms of occupations that are expected to grow or decline and the skills that will be in demand (i.e., examine the future demand side of the labor market).*
- *Review policies, approaches, and strategies for integrating emerging and diverse groups into the workforce and that might be appropriate for public agencies, programs, and businesses to consider (e.g., identify potential "best practices").*

¹ Virginia Employment Commission. Virginia Workforce Council website at <http://www.vec.state.va.us/vecportal/vwc/> (Accessed September 20, 2003).

- *Recommend public and private sector policies and strategies that might be appropriate for Virginia in the coming decades.*

Study Components

In order to accomplish the four study objectives, this report is based on:

- *Analysis of existing data and statistics on demographic and workforce trends in Virginia;*
- *A telephone survey of a random sample of Virginians, conducted by The Gallup Organization under a subcontract from The Urban Institute, to learn about their current jobs and future work plans;*
- *Three forums with local and national representatives of the workforce development system and the business community (in Richmond and Abingdon, Virginia, and in Washington, D.C.), to gain their perspectives on the current system and ideas for the future; and*
- *A review of the relevant literature to identify best practices, approaches, and strategies that exist in Virginia and elsewhere for improving the overall skills and training of incumbent workers.*

Demographic and Workforce Trends in Virginia

Analysis of Virginia's population and labor market was based on official federal and state statistical databases from the VEC, the U.S. Census Bureau, and the U.S. Bureau of Labor Statistics (BLS). The following are key results of that analysis.

- *Virginia's population is expected to increase by about 5.6 percent between 2003 and 2008, ranging from a small loss of population in the Danville area to a 10 percent increase in the Virginia portion of the Washington metropolitan area.²*
- *There will be a shift in the age distribution of the population, with an increase in persons age 45 and older and a decrease in those between the ages of 25 and 44. The aging of the population and workforce is expected to continue beyond 2008 as the post-World War II baby-boom generation reaches retirement. Since older persons are less likely than younger persons to participate in the labor force, this population shift will likely lead to a lower labor force participation rate in Virginia, which currently ranges from a high of 78.5 percent in the Washington, DC area (Virginia portion) to a low of 61.1 percent in the Southwest region.*
- *The educational attainment in Virginia continued to rise in the 1990s; over 80 percent of adults over 25 had at least a high school diploma in 2000 (up from 75 percent in 1990).*

² For MSAs that cross state lines, we examine only the Virginia portion.

There is some regional variation in educational attainment, though. In general, the Washington, DC, Charlottesville, Norfolk, and Richmond areas have higher proportions of college educated persons and fewer without high school diplomas; while six areas have relatively lower levels of education—Danville, Johnson City, Northeast region, Northwest region, Southside region, and Southwest region. In these six areas, more than 25 percent of the population has no high school degree and less than 20 percent has a college degree.

- *As is true nationwide, almost two-thirds of jobs in Virginia require on-the-job training or work experience and no specific educational level.* Of the approximately 150,000 job openings that are projected to be available in 2008, about 25 percent are expected to require a bachelor's degree or higher, 10 percent a post-secondary education or training, and over 60 percent are expected to require on-the-job training or experience, but no specific educational level.
- *The occupational makeup in Virginia will continue to shift away from manufacturing, mining, and agriculture over the next five years.* In particular, teachers, health care careers, and information technology are occupations expected to grow that require a college degree or more. However, the greatest increase in job openings is projected for cashiers and retail salespersons—two lower-skilled occupations. Occupations that are projected to decline over the next five years in Virginia include agriculture, textiles, railroad transportation, and mining.
- *Computer and information technology jobs will be important in many, but not all, parts of Virginia.* There is notable regional variation in the projected occupational changes. Information technology will be an important source of job openings in five MSAs (Charlottesville, Norfolk, Richmond, Roanoke, and Washington, DC), but is not one of the top growth occupations in the other seven areas of Virginia.

Perspectives of Current Virginia Workers and Employers

To better understand these demographic, workforce, and labor market trends and their policy implications, a Gallup survey of Virginians was conducted and three forums were held with business and community representatives. The following are some of the key results particularly relevant for future policy directions.

- *Problem-solving, teamwork, and “soft-skills” are important on the job.* Virginia workers most often cited problem solving skills and working as a team member as skills that are a primary part of their current job. Workforce development and business participants in all three forums cited the importance of soft skills such as timeliness and attendance, in addition to writing and math skills obtained during secondary school.
- *Computers are a critical part of jobs and the most important type of training workers might seek in the future.* More than two-thirds of Virginia workers report that the use of computers is a primary part of their current job and this is the most common skill workers

say they might seek to upgrade. Over 70 percent of workers say they are likely to seek to upgrade their computer skills in the next five years.

- *The workplace is the most likely place workers say they will receive training.* On-site or on-the-job training was cited by workers as the most likely place to receive additional training. The local workforce center was cited as the least likely place to receive future training by Virginians who are currently working.
- *Workers in Virginia say their relationship with co-workers and supervisors is the most important aspect they want in the workplace environment.* The option to telecommute or work from home was least frequently cited as an important workplace characteristic.
- *The most important quality of life issues to Virginia workers are having time to spend with friends and family, and living in an area with a low crime rate.*
- *The majority of Virginians who plan to retire in the next ten years say they probably will work after retirement.* Over two-thirds of those planning to retire within ten years report that they are very or somewhat likely to seek paid work at some point after they retire, mostly likely part-time work. Several options—phased retirement, job sharing, reduced work schedules, and rehiring retired workers—are amenable to workers in Virginia and may induce older workers to remain in the labor force longer thereby mitigating the impact of the aging baby-boom generation on labor force participation and employment rates in Virginia.

Strategic Policy Recommendations for Improving the Skills and Training of Workers in Virginia

Six interrelated strategic recommendations are drawn from the cumulative analysis of this study. The recommendations represent a range of public and private strategies for training and retraining incumbent workers and are designed to assist Virginia in raising the skills and productivity of its workforce. There are two common underlying features of the recommendations. First, the success of reform strategies depends on state-level leadership along with strategies tailored to the special and diverse demographic, economic, and community characteristics of sub-state regional and local areas. Second, each of the recommendations assumes regular utilization of data and information related to programs, characteristics of the workforce, and trends in the labor market. Some of the strategies recommended here may already be in the planning stages or underway in Virginia since Governor Warner and the Virginia Workforce Council are actively engaged in assessing and reforming the Commonwealth's current workforce development system.

Policy Strategy #1. Create a high-performance career development system built around the Workforce Investment Boards (WIBs).

The reform effort already underway recognizes many of the important components of a high-performance workforce and career development, including the role of the One-Stop Career

Centers as part of a statewide development strategy. Currently, in Virginia, there are 22 workforce development and training programs that are administered by ten state agencies in three secretariats (i.e., Commerce and Trade, Education, and Health and Human Resources).³ The Governor's recent appointment in June 2003 of Dr. Barbara Bolin, Special Advisor to the Governor for Workforce Development, and the recently stated goal of developing a broader plan for workforce services restructuring in Virginia by September 1, 2003⁴ are likely part of a larger plan in Virginia to redesign the current workforce development system. The Governor, Dr. Bolin, and the Virginia Workforce Council all have important leadership roles to play as state-level coordinators of a revised workforce development system that is designed to eliminate duplication of services, leverage various funding sources, and coordinate the appropriate players (e.g., employers, Community Colleges, public and private programs, WIBs, One-Stop Centers, local elected officials, etc.).

Based on the discussions, reviews, and analyses we conducted, a strong role for the WIBs is appropriate. The Workforce Investment Act of 1998 (WIA) allows states and local WIBs considerable flexibility in designing the centers to best meet the local employment and training needs of incumbent workers and businesses. The 17 WIBs located throughout Virginia and the 44 One-Stop Career Centers provide a localized system of workforce training on which Virginia can build. While state-level organization is critical to the success of Virginia's workforce development system, ultimately it is the local- and regional-level structures and the nature of WIA that will ensure that Virginia's workers receive services tailored to their local labor market and the educational and training opportunities available in their community.

One-Stop Career Centers can also play more of a role in facilitating the employment of maturing and older workers over the next decade, by highlighting issues or approaches related to the aging workforce. For example, career centers might hold workshops for employers and older workers about post-retirement work options (including part-time work), or sponsor training for mature and older workers on using new computer technology. As noted under the following recommendations, the role of the One-Stops can be strengthened with continued attention to enhancing their capacity to link to emerging labor market needs and expanding their coordination with other agencies and programs.

Policy Strategy #2. Improve the link between training initiatives and specific occupations and industries, by better using labor market data on projected business need for labor.

In 2003, the General Assembly amended the Virginia Workforce Council statute to require that each local WIB develop an annual "Demand Plan" for its workforce investment area. Each Demand Plan is to be "based on a survey of local and regional businesses that reflects the local employers' needs and requirements and the availability of trained workers to meet those needs

³ The Joint Legislative Audit and Review Commission. *Review of Workforce Training in Virginia*. Commonwealth of Virginia, January 2003.

⁴ This plan has not yet been made public and no release date has been issued.

and requirements.”⁵ The purpose of the Demand Plan is to identify the jobs and job skills needed by employers in each area.

The local Demand Plans in conjunction with the regional occupational projections available through the VEC provide a basis for local- and regional-level strategic planning on the future skill needs of local workers and businesses. These data may be used by local WIBs, workforce career centers, and related employment, education, training, and economic development programs to better anticipate future occupational and labor market shifts.

Some moderate- and high-skilled occupations that are projected to expand over the next decade are similar in all (or most) parts of the state: general managers and health care workers. In addition, information technology occupations will continue to be important in several local areas (Charlottesville, Norfolk, Richmond, Roanoke, and Washington, DC). To fill these needs, local areas may need to attract workers with these skills or begin long-term training strategies aimed at increasing the number of workers in these occupations. State-level planning for training in these general high-demand occupations could ensure the highest quality training by coordinating workforce development programming with community colleges and other post-secondary education programs.

Occupations that are projected to grow vary across the 8 MSA and 4 non-MSA areas, and not all future jobs will require high skills. This means that both training needs and business needs should be tailored to each local labor market. The majority of the high-growth occupations, however, require only short-term on-the-job training. Demand for cashiers and salespersons is likely to remain high in all areas of the state. While these jobs generally have lower wages than higher-skilled jobs, local programs in regions facing layoffs and plant closings may want to consider these as short-term opportunities for unemployed or dislocated workers while they continue to search for better paying employment opportunities or receive new training.

Policy Strategy #3. Consider more industry- or occupation-specific sectoral training strategies to take advantage of economies of scale.

Sectoral training strategies are industry- or occupation-specific training, usually linked to a particular employer or cluster of employers, and often providing services that intervene between workers, job seekers, or trainees on one hand, and employers, firms, and industries on the other. Sectoral training may result in major economic efficiencies since incumbent workers are trained for jobs that employers say are in demand, and training programs and firms benefit from economies of scale (since they can sometimes pool training resources).

Sectoral training strategies may be particularly relevant for (1) small training entities in Virginia including public training providers and small businesses, and (2) in less populated regions of Virginia where the numbers of potential or current workers and/or businesses are small. A small or medium-sized business, may benefit from collaborating with other businesses in a similar

⁵ Virginia Employment Commission. “Demand Planning Guidance.” Approved by the Virginia Workforce Council on June 5, 2003. Richmond, VA: Virginia Employment Commission, June 5, 2003, p. 2.

industry to sponsor training for a particular occupation or skill (e.g., computer applications). For example, a small retail business may be interested in computerized accounting training for five employees. By joining with other small retailers with a similar need for training in computerized accounting, it might be more affordable to hire a trainer or contract for customized training. Likewise, a public training provider such as a community college may reduce its training costs by providing incumbent training to a group of small employers rather than to a single employer.

Less populous regions of Virginia may have special sectoral training opportunities. For example, in Southwest Virginia, managers of human resource divisions from many different employers and industries meet periodically to discuss issues related to incumbent worker training, among other things. They might expand their interaction to include considering the benefits of jointly sponsoring incumbent worker training.

Policy Strategy #4. Encourage more partnerships between Virginia’s community colleges, employers, and other training providers.

Skills and educational opportunities are offered through various public and private entities, including not only traditional education institutions, but also local One-Stop Career Centers, employers, and community-based organizations (CBOs). Stronger community college partnerships with various providers may contribute to the development of regional strategies that would elevate the overall education and training level of Virginia as a whole.

Virginia’s Community College System is a critical element in increasing the average educational attainment of Virginians. Community colleges represent an affordable, flexible option for adults of various educational backgrounds and skill levels. For many, a return to education means first acquiring basic skills—through Adult Basic Education, English as a Second Language, or General Educational Development programs—necessary to enroll in a credentialing program or college-level courses. For others, who may already be college-ready, the community college system is an affordable option that provides flexible class schedules for incumbent workers with families or other obligations. Regions of Virginia with lower levels of educational attainment could benefit from local- and regional-level policies aimed at increasing educational attainment.

Linkages with community colleges can be important for employers, One-Stop centers, and other community programs. Linkages between community colleges and employers, as discussed at our Abingdon forum, may be beneficial for both employers and incumbent workers. One employer in Southwest Virginia described the customized training for employees provided by the local community college as a very important resource that provides on-the-job training to incumbent workers. Similarly, CBOs operating either employment or social services programs may benefit from linkages to community colleges that provide an array of training programs for their participants and a source of professional remedial education services.⁶ And community college partnerships with local career centers are also mutually beneficial since the centers can help

⁶ Richard Kazis and Marty Liebowitz. “Opening Doors to Earning Credentials—Changing Courses: Instructional Innovations That Help Low-Income Students Succeed in Community College.” New York, NY: MDRC, July 2003.

leverage resources to help pay for training at the community colleges (e.g., by accessing individual training accounts).

Community colleges, CBOs, employers, local career centers, and other potential partners all can be important in developing a regional workforce development strategy because they each have special expertise and perspective related to the of the current skills and education of incumbent workers and the training and skills that are likely to be in demand in the future. While these partnerships may already exist to some extent in Virginia, continued and expanded collaborations will further enhance the skills and education of incumbent workers.

Policy Strategy #5. Identify untapped human capital, particularly among mature and older workers, and invest in their skills development.

In local areas that may have difficulty meeting employers' demands for workers, mature and older persons may be an important untapped source of labor. The aging of baby-boomers will likely lower the labor force participation rates in Virginia over the next decade, without active policy intervention. The trend could be somewhat mitigated, however, if baby-boomers are encouraged to seek paid employment following retirement. As more Virginians reach retirement age in the coming years, workforce development policies such as phased retirement, job sharing, reduced work schedules, and rehiring retired workers on a part-time basis could be designed to keep some retirement-age workers on the job.⁷ Our analysis suggests that phased retirement, job sharing, and working after retirement, particularly part-time, are all options that are amenable to Virginia's workers.

State officials can also play a critical role in helping the public and private systems understand and incorporate the aging trend in the population. For example, statewide conferences or workshops might be held on issues such as post-retirement employment issues, computer training for mature workers, or the costs and benefits to businesses of employing older workers.

Policy Strategy #6. Incorporate ongoing long-term support services for low-skilled, disadvantaged workers to increase the overall skills and productivity of Virginia's workers.

In addition to workers who are consistently employed, the labor market includes of a large number of workers who are just entering the job market, or who cycle in and out of the job market. Many of these are lower-skilled workers with limited education who are often under-employed or unemployed, new entrants to the job market, or persons transitioning from welfare to work.

To increase the overall skills and productivity of Virginia's workforce, publicly-funded workforce development programs should embrace upgrading the skills of low-income individuals to increase their success in the workforce. Policymakers interested in helping move

⁷ Patrick J. Purcell. "Older Workers: Employment and Retirement Trends." Congressional Research Service, Report for Congress. Washington, DC: Congressional Research Service, The Library of Congress, October 2003.

individuals out of poverty, may want to incorporate job retention and career advancement strategies into job-preparation, job search, and job training programs.⁸

To improve the career advancement opportunities for low-skilled workers, Virginia's One-Stop Career Centers may want to sponsor or facilitate training and education opportunities that are sufficiently flexible, accessible, and meet the short-term time horizons of lower-paid workers. In addition, tuition reimbursement used for programs to enhanced training may need to be more easily accessible to lower-paid workers. Finally, employers can also play a role in improving the career advancement opportunities or accessibility of training for low-skilled workers by allowing their workers to attend training during work hours or to make up lost work hours.⁹

Conclusion

Based on our analyses, these six interrelated strategies could form a framework for improving the overall skills and productivity of Virginia's workforce and strengthening regional workforce development programming. The success of these strategies depends on local- and regional-level collaborations among workforce development providers, employers, educators, and policymakers who are knowledgeable about the unique and changing demographic and workforce trends in each of Virginia's regions. State-level leadership will be critical both in making cross-agency and cross-program collaboration a priority, and in maintaining and updating critical labor market and demographic data and ensuring that data are readily accessible by planners at the state, regional, and local levels to routinely integrate an understanding of both current conditions and future projections.

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⁸ Demetra Smith Nightingale, "Work Opportunities for People Leaving Welfare," Chapter 6 in *Welfare Reform: The Next Act*, edited by Alan Weil and Kenneth Finegold, Washington, DC: Urban Institute Press, 2002.

⁹ Nancy Pindus, Daryl Dyer, Caroline Ratcliffe, John Trutko, and Kellie Isbell. *Industry and Cross-Industry Worker Mobility: Experiences, Trends, and Opportunities for Low-Wage Workers in Health Care, Hospitality, and Child Care*. Washington, DC: The Urban Institute, December 1997.